STATEMENT OF
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before the

SUBCOMMITTEE ON THE FEDERAL WORKFORCE
AND AGENCY ORGANIZATION
COMMITTEE ON GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES

on

Using Health Information Technology: For the Health of It

September 1, 2006

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting OPM here today to discuss the benefits of using

health information technology (HIT) to improve the quality and delivery of

healthcare.

The Office of Personnel Management (OPM) administers the Federal

Employees Health Benefits (FEHB) Program which covers approximately 8

million Federal employees, retirees and their dependents. OPM offers competitive

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health benefits products for Federal workers, like other large employer purchasers, by contracting with private sector health plans. OPM has encouraged participating health plans to be responsive to consumer interests by emphasizing flexibility and consumer choice as key features of the program. Adoption of health information technology is an important healthcare improvement that is being implemented by many of our health plans on behalf of their consumers.

In our efforts to ensure healthcare rates are competitive and consumer choice is maximized, we are encouraging the use of information technology for medical record keeping purposes and for many provider-to-consumer processes. While there are wide variations in the scope and extent of information technology currently being used by FEHB carriers, most are focusing their efforts on providing claims-based information to consumers through their web sites, linking disease management programs to health IT, and encouraging e-Prescribing.

As the administrator of the country's largest employee health insurance program, OPM plays a key role in fulfilling President Bush's vision of making medical records easily accessible to consumers through the adoption of advanced technologies. OPM is a member of two distinguished Federal organizations: the American Health Information Community, a Federal Advisory Committee charged

with developing recommendations to the Secretary of the Department of Health and Human Services (HHS) on how to facilitate the adoption of electronic health records (EHRs), and the Federal Interagency Health IT Policy Council, which coordinates Federal health information technology policy decisions across Federal departments and agencies that will drive Federal action necessary to realize the President's goals of widespread health IT adoption.

Ten days ago the President signed the Executive Order, *Promoting Quality and Efficient Health Care in Federal Government Administered or Sponsored Health Care Programs*. The Order firmly underscores the President's continued commitment to the promotion of quality and efficient delivery of health care. With the Order, the President is greatly expanding the information that will be made available and he is committing the Federal Government to transparency in pricing and quality, adopting health IT standards, and providing insurance options that reward cost-conscious consumers.

Achieving transparent health care requires the commitment and collaboration of everyone in our health care system. Federal employees, Medicare beneficiaries and health insurance beneficiaries at the Department of Defense and the Department of Veterans Affairs represent about one quarter of Americans

covered by health insurance. Therefore, to help our Nation seize the opportunity to modernize the healthcare system, the federal government is leading by example.

OPM is strongly committed to working with FEHB carriers on carrying out the President's goals and objectives. In fact, we have already begun taking steps in this direction, some of which I will speak about today.

To ensure the electronic availability of quality and price information, OPM is working with carriers to encourage them to make their health IT systems interoperable—to have the capacity for sharing essential information with others in the health care system. OPM is also continuing to work with carriers to ensure that FEHB enrollees have access to innovative health insurance options that allow consumers to select health plans with lower premiums as well as allow them to share in the savings that may result from efficiencies gained with the implementation of health information technology throughout this market sector.

Our work with FEHB carriers and the work we are engaged in with HHS and others have helped us focus our near-term efforts to further the President's initiatives. OPM is encouraging FEHB plans to enhance their consumer education efforts to make enrollees more aware of how health IT can help to achieve improvement in healthcare quality and increase health care efficiency. Some

carriers are offering personal health records to enrollees based on the claims, medications and medical history information already available in their healthcare systems. Some are also working with their pharmacy benefit managers to encourage ePrescribing, to link their disease management programs to health IT, and to ensure compliance with Federal requirements that protect the privacy of individually identifiable health information.

Earlier this year, we asked carriers to develop business plans with action items and milestones for accelerating health IT for the remainder of CY 2006 and for CY 2007. We plan to expand our web site information to highlight the health IT capabilities of plans so that prospective enrollees can view this information in reviewing their health plan choices for 2007.

We are committed to confronting the rising cost of healthcare to help members of the Federal family afford the insurance coverage they need. This is reflected in our commitment to the President's Executive Order and in our goals to strengthen the patient-physician relationship through price and quality transparency. We believe greater transparency in healthcare prices and quality can help patients better control their medical expenses. Therefore, we have taken steps in the FEHB Program to raise the level of transparency that is available to

Comment [OU1]: We did not ask them to adopt hit standards because our carrier letter was issued way before the standards were raised as a potential EO requirement. This is an historical statement

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enrollees for both provider prices and health plan quality by the end of this year.
We will highlight the plans that have demonstrated their commitment to OPM's
healthcare cost transparency standards in our annual Guide to FEHB Plans and on
our web site. We have also encouraged FEHB carriers to enhance their web sites
by adding more online decision tools with cost estimators related to both diagnoses
and drugs, to group costs for common illnesses and conditions by geographic area,
and to ensure that they describe the sources, limitations and currency of the data
clearly and prominently on their web sites.

Our commitment to transparency aligns with our efforts to promote wider
use of health information technology. Each initiative supports the other, as

articulated in the Executive Order. Information technology will provide for
standardized interoperable medical, pharmaceutical, and laboratory cost and
utilization information. Making this information more transparent to consumers
will help them to understand the value of personal health records in managing their
own health needs and their healthcare expenses.

Together, we believe health IT and transparency can drive better informed
and more rational medical care decisions, resulting in increased efficiency and
better quality care. We are very excited about the possibilities inherent in these
efforts and are seeking plans willing to partner with us to conduct a use-case

demonstration in 2007. Our focus for this pilot program will be on ePrescribing.
We believe this technology can provide efficiencies in the healthcare system with
an early return on investment and can also assist in improving patient safety.

Medication errors can and do occur in a variety of ways. Dosage amounts
and incorrect choice of the prescribed medication are probably the most notable.
Some of the contributing causes for these errors are illegible handwriting, missing
information, unknown patient history and others.   The eHealth Initiative, in an
April 2004 report, indicated that ePrescribing could reduce the Nation's healthcare
costs by as much as $27 billion per year. The Journal of Managed Care Pharmacy
reported in 2003 on a study of one national mail-order pharmacy that found about
8.7 percent of new prescriptions "had incomplete, unclear, or missing information
related to elements that are essential to accurate medication dispensing." These
numbers demonstrate potential gains for all individuals in the healthcare system
through ePrescribing.

Technologies are already in place that could allow this to happen in the near-
term. This is why we think the time is ripe for such a pilot within the FEHB
Program.

We appreciate this opportunity to testify before the Subcommittee and look forward to working with you on furthering health information technology initiatives. I will be glad to answer any questions you may have.